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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/749,993	12/28/2000	Addison A. Barksdale	BELL-0071/00276	6873

38952 7590 07/14/2005  
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EXAMINER
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CAMPEN, KELLY SCAGGS

ART UNIT	PAPER NUMBER
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3624

DATE MAILED: 07/14/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

Application No.

09/749,993

Applicant(s)

BARKSDALE ET AL.

Examiner

Kelly Campen

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 2 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☐ Responsive to communication(s) filed on \_\_\_\_.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-21 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-21 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |   |  |
|---|--|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. ____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)  | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)            |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date <u>5/6/05</u> | 6) <input type="checkbox"/> Other: ____  |

## **DETAILED ACTION**

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-21 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Claims 1-21 are directed to non-statutory subject matter because they lack any recitation of technology in the body of the claims, which is required in order to meet the statutory requirements. The Patent Office had taken the position that some form of technology must be claimed in the body of the claim. The Board of Patent Appeals and Interferences has stated that claims lacking any technology are “nothing more than [an] abstract idea which is not tied to any technological art and is not a useful art as contemplated by the Constitution.” *Ex parte Bowman*, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001) (Unpublished). While it is understood that the Bowman case is not precedential, it is cited herein for its content and reasoning. The Examiner suggests amending the claims to include some language directed to a computer in the body of the claim to overcome this rejection.

### ***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

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(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

The changes made to 35 U.S.C. 102(e) by the American Inventors Protection Act of 1999 (AIPA) and the Intellectual Property and High Technology Technical Amendments Act of 2002 do not apply when the reference is a U.S. patent resulting directly or indirectly from an international application filed before November 29, 2000. Therefore, the prior art date of the reference is determined under 35 U.S.C. 102(e) prior to the amendment by the AIPA (pre-AIPA 35 U.S.C. 102(e)).

Claims 1-9 and 11-19 are rejected under 35 U.S.C. 102(b) as being anticipated by the Peters et al. patent (US 5,884,284).

The Peters patent discloses a method comprising:

Providing a service to a customer, the service being measurable in quantifiable service units by the customer such that billing for the service to the customer is based at least in part on a number of the service units used (col. 29, lines 3-18),

Allowing the customer to obtain service unit credits to be applied against service units used by the customer (col. 29, lines 3-18),

Billing for the service to the customer according to a billing cycle (col. 29, lines 3-18),

For each billing cycle:

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Applying service unit credits obtained by the customer and extant against the service units used by the customer during the billing cycle (col. 29, lines 3-18), and

If service unit credits remain after applying the service unit credits obtained by the customer and extant against the service units used by the customer, carrying forward the remaining service unit credits to be available during a subsequent billing cycle (col. 29, lines 3-18), and

Allowing the customer to treat service unit credits as a commodity, whereby the commoditized service unit credits may be bought, sold, and/or traded for services and/or goods (col. 31, lines 9-31) (Claim 1);

Providing a predetermined number of the service unit credits to the customer as part of a predetermined service package (col. 29, lines 3-18 and col. 31, lines 9-31) (Claim 2);

Providing a predetermined number of the service unit credits to the customer for each billing cycle as part of a predetermined service package (col. 31, lines 9-31) (Claim 3);

Allowing the customer to purchase service unit credits in addition to the service unit credits provided as part of the service package (col. 29, lines 1-18) (Claim 4);

Allowing the customer to purchase the service unit credits from a provider of the service (col. 31, lines 9-31) (Claim 5);

Allowing the customer to purchase the service unit credits prior to applying such purchased credits against service units used by the customer (col. 31, lines 9-31) (Claim 6);

Allowing the customer to purchase the service unit credits after it is determined that excess service units used by the customer exist after all service unit credits obtained by the customer have been applied against such service units used by the customer, the purchased

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service units credits being applied against such excess service units (col. 31, lines 9-31) (Claim 7);

The service is provided by a service provider (col. 31, lines 9-31) and

Allowing the customer to obtain the service unit credits from a third party other than the service provider (col. 31, lines 9-31) (Claim 8);

Allowing the customer to obtain the service unit credits from the third party as a promotion (col. 31, lines 9-31) (Claim 9);

Allowing the customer to obtain the service unit credits from the third party as part of a revenue operation operated by the third party (col. 31, lines 9-31) (Claim 11);

The service is provided by a service provider (col. 31, lines 9-31) and

Allowing the customer to purchase the service unit credits from a third party other than the service provider, the third party having obtained the service credit units from the service provider (col. 31, lines 9-31) (Claim 12);

Providing cellular telephone service to the customer (col. 2, lines 33-44) (Claim 13);

Providing cellular telephone service to the customer, the service being measurable in minutes (col. 31, lines 9-31) (Claim 14);

Providing a service to the customer selected from a group consisting of gas or electric or cable television or Internet access utility service, a landline telephone service, a repair service, and a goods providing service (col. 2, lines 33-44 and col. 31, lines 9-31) (Claim 15);

For an (n)th billing cycle, carrying forward the remaining service unit credits comprises carrying forward such remaining credits to be available during an (n+1)th billing cycle (col. 28, lines 62-67) (Claim 16);

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If excess service units used by the customer exist after all service unit credits obtained by the customer have been applied against such service units used by the customer, carrying forward the excess service units to a subsequent billing cycle and applying service unit credits subsequently obtained by the customer against the carried-forward service units (col. 29, lines 3-17) (Claim 17);

The service is provided by a service provider (col. 31, lines 9-31) and

Allowing the customer to expend service unit credits on goods and/or services provided by the service provider (col. 31, lines 9-31) (Claim 18);

The service is provided by a service provided (col. 31, lines 9-31) and

Allowing the customer to expend service unit credits on goods and/or services provided by a third party other than the service provider (col. 31, lines 9-31) (Claim 19); and

The service is provided by a service provider (col. 31, lines 9-31).

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claim 10 is rejected under 35 U.S.C. 103(a) as being unpatentable over the Peters patent.

The Peters patent discloses all the elements of the claimed invention, except for:

Allowing the customer to obtain the service unit credits from the third party at a discounted rate (Claim 10). The Peters patent teaches mixes of subscriptions of services offered

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by cable companies together with wireless or wired telephones, wherein such services are offered by a television company and a telephone company, hence a third party. The Examiner takes Official Notice that it is commonly known in the art that when services are combined, discounts are available because the services can be offered to a large volume of users.

### ***Response to Arguments***

Applicant's arguments filed 03/04/05 have been fully considered but they are not persuasive.

Regarding the 35 U.S.C 101 rejection, the following further explanation is given:

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".



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Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject

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matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological

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arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. [See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001) - used only for content and reasoning since not precedential].

In response to applicant's argument that the references fail to show certain features of applicant's invention, it is noted that the features upon which applicant relies (i.e., "computer carries forward or 'rolls over' remaining service unit credits to be available during a subsequent billing cycle: and; customer should or could be allowed to treat service unit credits as a commodity, whereby the commoditized service unit credits may be bought, sold, and/or traded for services and/or goods) are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

In response to applicants argument that Peters et al. (US 5,884,284) do not disclose a billing computer billing for each billing cycle applies service unit credits obtained by the customer and extant against the service units used by the customer during the billing cycle, see above rejection for claim 1 and see col. 29 through col. 30.

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***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Kelly Campen whose telephone number is (571) 272-6740. The examiner can normally be reached on Monday-Thursday

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (571) 272-6747. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



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